



January 23, 2004

HOUSE BILL No. 1337

DIGEST OF HB 1337 (Updated January 21, 2004 8:11 pm - DI 92)

Citations Affected: IC 24-3.

Synopsis: Nonparticipating cigarette manufacturer fee. Imposes a \$0.025 fee on each cigarette sold by a manufacturer that does not participate in the master settlement agreement. Deposits revenue generated by the fee into the state general fund. Requires a nonparticipating manufacturer that does not sell cigarettes in Indiana to prepay the fee before selling cigarettes in Indiana. Requires a distributor of nonparticipating manufacturer cigarettes to report certain information to the department of state revenue.

Effective: July 1, 2004.

Pelath, Espich, Cochran, McClain

January 15, 2004, read first time and referred to Committee on Ways and Means.
January 22, 2004, reported — Do Pass.

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HB 1337—LS 7058/DI 103+



January 23, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1337

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulations; consumer sales and credit.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 24-3-6 IS ADDED TO THE INDIANA CODE AS
- 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2004]:
- 4 **Chapter 6. Nonparticipating Manufacturer Fee**
- 5 **Sec. 1. As used in this chapter, "brand family" has the meaning**
- 6 **set forth in IC 24-3-5.4-1.**
- 7 **Sec. 2. As used in this chapter, "cigarette" has the meaning set**
- 8 **forth in IC 24-3-3-5.**
- 9 **Sec. 3. As used in this chapter, "department" refers to the**
- 10 **department of state revenue.**
- 11 **Sec. 4. As used in this chapter, "distributor" has the meaning set**
- 12 **forth in IC 6-7-1-6.**
- 13 **Sec. 5. As used in this chapter, "master settlement agreement"**
- 14 **has the meaning set forth in IC 24-3-3-6.**
- 15 **Sec. 6. As used in this chapter, "nonparticipating**
- 16 **manufacturer" has the meaning set forth in IC 24-3-5.4-7.**
- 17 **Sec. 7. As used in this chapter, "stamp" has the meaning set**

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1 forth in IC 6-7-1-9.

2 Sec. 8. (a) The department shall impose a fee of two and one-half
3 cents (\$0.025) on each cigarette of a nonparticipating
4 manufacturer on which the tax imposed by IC 6-7-1-12 is paid.

5 (b) The fee is in addition to any other fee or tax.

6 (c) The fee is imposed, collected, paid, and enforced at the same
7 time and in the same manner as the tax imposed by IC 6-7-1-12.

8 Sec. 9. The department shall deposit all revenue generated from
9 the fee into the state general fund.

10 Sec. 10. (a) This section applies to a nonparticipating
11 manufacturer that does not sell cigarettes in Indiana.

12 (b) Before the nonparticipating manufacturer may sell
13 cigarettes in Indiana, the nonparticipating manufacturer must pay
14 the greater of:

15 (1) the amount determined in subsection (c); or

16 (2) fifty thousand dollars (\$50,000).

17 (c) The department shall estimate the number of cigarettes that
18 the nonparticipating manufacturer will sell in Indiana during the
19 first month in which the nonparticipating manufacturer sells
20 cigarettes in Indiana. The department shall multiply the number
21 by two and one-half cents (\$0.025) and report the amount to the
22 nonparticipating manufacturer.

23 (d) A nonparticipating manufacturer shall provide the
24 department with information the department determines is
25 necessary to calculate the amount under subsection (c).

26 Sec. 11. (a) On or before the fifteenth day of each month, a
27 distributor shall report to the department the following
28 information:

29 (1) The number and denomination of each stamp affixed to a
30 package of nonparticipating manufacturer cigarettes.

31 (2) The nonparticipating manufacturer and brand family of
32 each package described in subdivision (1).

33 (3) The retailer (as defined in IC 6-7-1-7) that receives each
34 package described in subdivision (1).

35 (b) Information reported under this section must be maintained
36 and is subject to inspection under IC 6-7-1-19.

37 Sec. 12. If the department discovers nonparticipating
38 manufacturer cigarettes on which the fee under this chapter has
39 not been paid, the department may seize and take possession of the
40 cigarettes. The seized cigarettes are forfeited to the state. The
41 department shall destroy the seized cigarettes.

42 Sec. 13. The department shall adopt rules under IC 4-22-2 to

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1 implement this chapter. The rules must include a method for
2 receiving additional payments from or reimbursing a
3 nonparticipating manufacturer whose actual monthly sales differ
4 from the department's estimate under section 10 of this chapter.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1337, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

CRAWFORD, Chair

Committee Vote: yeas 28, nays 0.

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